

AMENDED IN SENATE JUNE 4, 2015

AMENDED IN SENATE MAY 14, 2015

SENATE BILL

No. 150

Introduced by Senators Nguyen and Huff
(Coauthors: Senators *Bates, Berryhill, Fuller, Morrell, and Vidak*)
(Coauthors: Assembly Members Chávez and Mathis)

January 29, 2015

An act to add Section 17144.7 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

SB 150, as amended, Nguyen. Personal Income Tax Law: exclusion: student loan debt forgiveness.

The Personal Income Tax Law provides for various exclusions from gross income, including an exclusion for the amount of student loan indebtedness repaid or canceled pursuant to a specified federal law.

This bill would exclude from gross income the amount of student loan indebtedness discharged on or after January 1, 2015, for an eligible individual who is granted a discharge under specified agreements, as provided.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 17144.7 is added to the Revenue and
- 2 Taxation Code, to read:

1 17144.7. (a) Section 108(f)(1) of the Internal Revenue Code
2 is modified to additionally provide that in the case of an individual,
3 gross income does not include any amount that, but for this section,
4 would be includable in gross income by reason of the discharge,
5 in whole or in part, of any student loan if the individual is an
6 eligible individual for the taxable year.

7 (b) Section 108(f)(2) of the Internal Revenue Code, *relating to*
8 *student loan*, is modified to additionally provide that a student
9 loan means a student obligation note or other debt evidencing a
10 loan to any individual for the purpose of attending a for-profit
11 higher education company or for the purpose of consolidating or
12 refinancing a loan used to attend a for-profit higher education
13 company, which is either a guaranteed student loan, an educational
14 loan, or a loan eligible for consolidation or refinancing under Part
15 B of Title IV of the Higher Education Act of 1965, as amended
16 (20 U.S.C. Sec. 1071 et seq.).

17 (c) For purposes of this section, an individual is an eligible
18 individual for a taxable year if either of the following apply during
19 the taxable year:

20 (1) The individual is granted a discharge of any student loan
21 pursuant to the discharge agreement.

22 (2) The individual is granted a discharge of any student loan
23 pursuant to paragraph 23 of the William D. Ford Federal Direct
24 Loan Program Borrower's Rights and Responsibilities Statement
25 because of either of the following:

26 (A) The individual could not complete a program of study
27 because the school closed.

28 (B) The individual successfully asserts that the school did
29 something wrong or failed to do something that it should have
30 done.

31 (d) For purposes of this section, "discharge agreement" means
32 the agreement between ECMC Group, Inc., Zenith Education
33 Group, and the Consumer Financial Protection Bureau concerning
34 the purchase of certain assets of Corinthian Colleges, Inc., dated
35 February 2, 2015.

36 (e) This section shall apply to discharges of indebtedness
37 occurring on or after January 1, 2015.

1 SEC. 2. This act provides for a tax levy within the meaning
2 of Article IV of the Constitution and shall go into immediate effect.

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